TOKYO GAZETTE

A MONTHLY REPORT OF CURRENT POLICIES, OFFICIAL STATEMENTS AND STATISTICS

CONTENTS

THE FUEL PROBLEM IN JAPAN 1
(*Bureau of Fuel*)

DOCUMENTS CONCERNING THE CONFERENCE OF THE NINE POWER TREATY SIGNATORIES 9

THE SITUATION IN CHINA

1. Advance of the Imperial Army 19
(*Press Section, War Department*)

2. Forces of the Imperial Navy in Action 31
(*Publicity Bureau, Navy Department*)

LAWS AND ORDINANCES RECENTLY PROMULGATED 41
(*Prime Minister's Cabinet*)

No. 5 **November 1937**

Published Monthly by the Foreign Affairs Association of Japan

The TOKYO GAZETTE is published monthly by the Foreign Affairs Association of Japan under the supervision of the Bureau of Information, Prime Minister's Department. Its purpose is primarily to supply information concerning the nature of problems being confronted today by the Japanese nation as a whole, and of the governmental steps being taken to solve these problems.

The material in the TOKYO GAZETTE is selected mainly from the *Weekly Report*, edited by the Bureau of Information. The accuracy and comprehensiveness of data presented in the *Report* are fully established. For the benefit of students of Japanese affairs, the TOKYO GAZETTE is endeavouring to maintain these qualities in the hope that its publication will eliminate unfortunate misunderstandings and thus contribute to world peace and international goodwill.

Printed in Japan

THE FUEL PROBLEM IN JAPAN

BUREAU OF FUEL

THE fact that 90 per cent of the petroleum used in Japan today is imported, entailing an annual overseas payment of 200 million yen, serves clearly to indicate the importance of the fuel problem and to explain the reason for discussions on the national fuel policy on so many occasions. Here is a problem before the Japanese nation that can never be emphasized too strongly.

Measures concerning the local supply of liquid fuel should be considered, first of all, in relation to the exploitation of petroleum sources. Since, however, the world's main resources have already been monopolized by British and American interests, and in view of the actual output in the past of oil fields at home, it is deemed impossible to depend upon the natural product alone in meeting the growing demand for petroleum in Japan. Consequently, the Government has decided to adopt a measure for solving the fuel problem through the use of liquid fuels as substitutes for natural petroleum. Steps have already been taken toward realization of this purpose.

One of these is the enactment and enforcement of the Law Concerning the Mixing of Alcohol with Benzine, approved at the 70th session of the Imperial Diet. A second and more fundamental step is the inauguration of the basic measure for establishing the artificial petroleum industry. This latter measure is designed to develop a united industry throughout Japan and Manchoukuo by utilizing the coal which is fortunately found in fair quantities in the latter country, thereby effecting a substantial increase in the petroleum output.

A seven-year plan for promotion of the artificial petroleum industry constitutes a step toward the materialization of the measure; the artificial Petroleum Industry Law constitutes its foundation.

The principal purpose of the seven-year plan is to make possible, by 1943, a production of one million kilolitres each of heavy oil and benzine in Japan Proper, overseas territories and Manchoukuo. When this plan is completed, some 62 per cent of the total estimated demand in respect to benzine, including benzine-alcohol admixture, and some 45 per cent in respect to heavy oils are expected to be supplied. Yet the plan, as has been stated, is but one step; its successful conclusion will still leave the situation far from satisfactory.

The seven-year plan has been adopted as an expedient measure in consideration of the capital available and of other matters to meet immediate needs. The Government keenly feels the necessity of setting up a more thoroughgoing plan whereby to ensure adequate domestic supply of liquid fuel. This artificial petroleum industry calls for an enormous amount of fixed capital—770,000,000 yen—for realizing the seven-year plan. Accordingly, the Imperial Fuel Industry Promotion Company, Ltd., a semi-official special company, was established, whose business is to facilitate the supply of funds and to conduct the activities necessary for the promotion of the new industry. This semi-official institution will be authorized to invest 400,000,000 yen, representing about half the amount required for the whole programme, in private institutions operating in the same industry and to give them the necessary guidance concerning business operation and technique. The Law Concerning the Imperial Fuel Industry Promotion Company, Ltd. is designed to furnish the legal basis for the existence of the company, and is instituted as a special Law under the Commercial Code.

The Present World Situation in the Industry

The European Powers suffered without exception from shortage of petroleum during the World War. Marshal Foch is credited with the statement, "Unless we get petroleum, we shall lose." Artificial petroleum is the product of earnest studies upon which the destiny of nations has rested. Hence Germany, which enjoys an abundant supply of coal while suffering from a scarcity of petroleum, has made the greatest development in this new industry. Her record is of considerable significance to Japan which is situated in a somewhat similar position with regard to petroleum and coal resources. The promotion of the artificial petroleum industry has been effected largely through her tariff policy. For example, in 1931 the actual results obtained by the I.G. Company in the manufacture of artificial petroleum served as the basis for the computation of the new tariff rates on petroleum. The present rates imposed on the importation of petroleum are as high as 16.23 pfennig per litre, the equivalent of 86 sen per gallon in Japanese currency. Accordingly, all of the three methods of manufacturing artificial petroleum—low temperature carbonization, hydrogenation, and synthetic—have been industrialized as paying enterprises, the combined production of which in 1935 was about 700,000 metric tons. Adding to this amount the home output of natural petroleum, and the amount accruing from the admixture of alcohol and benzoline, it is found that 30 per cent

of the total demand of 4,800,000 metric tons is being supplied from domestic sources. Moreover, upon the completion of the present plan for increasing production, over 60 per cent of the total demand for petroleum in Germany is expected to be met at home.

As for Great Britain, that country has control in capital of 17 per cent of the world output of petroleum, which renders her free from anxiety concerning oil supply so long as she retains command of the seas. Nevertheless, Great Britain too has been making considerable endeavours in the development of this new industry. She enacted the Hydrocarbonate Oil Law in 1934 and simultaneously raised her tariff rates. It is estimated that some 250,000 metric tons of artificial petroleum will be produced within a year or two.

France and Italy also are directing their best efforts toward ensuring domestic supply of liquid fuels, although in respect to artificial petroleum no appreciable results have as yet been attained. This is due to the fact that the two countries are not blessed with coal resources, and are merely adopting measures for the increase of their natural petroleum production.

As for the situation in Japan, it can only be said that she has just taken a step forward in this new and vastly important industry. At present four companies are operating under the low carbonization method, the oldest of which began work in 1932. The capacity of the four companies for disposing coal does not as yet exceed 500,000 metric tons. However, many of their plants are now being enlarged. Furthermore, as the new Law is put into force, many new companies employing this method are expected to be formed. With regard to those employing the hydrogenation method, one establishment in Korea with a newly completed plant is ready for operation, and two in Manchuria are now constructing factories. The former will begin work within a month or two; the latter will be ready to operate within one year. Two companies, one in Kyushu and the other in Manchuria are constructing plants to operate under the synthetic method, although they will not be prepared for activities until two years from the present time.

Thus the artificial petroleum industry in Japan, the beginnings of which have just been described, lags far behind that in Western countries. It is hoped that autarchy in liquid fuels will be attained as early as possible, through the united endeavours of the Government and the people, by the early completion of the seven-year plan.

An important question now to be considered, is that of coal as the principal raw material for the new industry. In other words, a fact to be taken into consideration is that the supply of that raw

material in abundance and at low prices is an indispensable condition for the promotion of the industry. The amount of coal to be required after the completion of the seven-year plan is estimated at 9,000,000 metric tons annually. Fortunately, however, in Japan and Manchoukuo there are deposits in considerable quantities of coal in low carbonization grades, the varieties that are best suited for the manufacture of artificial petroleum. And it will not be at all difficult to increase the national output of coal by exploiting new mines in view of the steady demand which will be created by this industry. The supply of coal, therefore, is not a source for anxiety. As for the special variety of coal to be used in the hydrogenation process this kind is found deposited in large quantities in Hokkaido, Kyushu, Korea, and Saghalien. Consequently, the prospects for this essential industry appear particularly bright.

Essential Points of the New Law

The artificial Petroleum Industry Law, as has been stated, has been enacted with a view to bringing about rapid and planned development in the industry, functioning in conjunction with the Law Concerning the Imperial Fuel Industry Promotion Company, Ltd., and to the execution, by the Government, of adequate and effective encouragement and supervision to facilitate the carrying out of the seven-year plan. The details relative to its execution have not as yet been prescribed, and the exposition of the Law given here is confined to its essential aspects.

A. Permission System

The new Law, in view of its essential purpose, has placed the artificial petroleum industry under the so-called "licensed industries," and those eligible for licences are restricted, from the viewpoint of national defence, to joint stock companies whose control is in the hands of Japanese. Restrictions are imposed also upon the qualifications of shareholders of such companies.

B. Protection and Promotion

1. The institutions engaging in the manufacture of artificial petroleum are exempted from income tax, business profit tax, and certain local taxes for a period of ten years beginning with the date of the enforcement of the Law. In respect to tools, machinery, and materials, exemption from import duties is granted for a period of seven years.

2. Under the present technique, production costs make artificial petroleum considerably higher in price than natural petroleum. Subsidies are granted to manufacturers, therefore, to compensate them in conducting their business.

3. With regard to the increase of capital and the issuing of debentures, special measures apart from the Commercial Code will be devised with a view to facilitating the raising of funds.

4. For the purpose of placing the enterprises, which are being operated with Government permission under the Law, on a sound business basis, and for the purpose of accelerating their expansion, the Land Expropriation Law may be invoked for the acquisition or the use of the land necessary for their operation.

C. Government Supervision and Guidance

1. The companies engaging in this industry, besides being required annually in advance to obtain permission from the Government regarding the programme they have decided on, are also required to apply for permission regarding important matters which may arise in the course of their business operation. They are, furthermore, placed under governmental supervision concerning their business conditions and other matters.

2. The Government is authorized to give orders to the manufacturers relating to selling prices, improvement and extension of equipment, and better methods of manufacture. In certain cases, the Government may also issue orders necessary for military purposes.

D. The Liquid Fuel Commission

In the light of the vital significance of the new industry, this Commission, composed of Government officials and those having expert knowledge and experience, will be created, with the function of deliberating on important matters relative to the enforcement of the Law.

Thus it is planned to promote the new industry through the joint endeavours of the Government and the people.

E. Interim Measure

For those engaging in the industry at the time of enforcement of the Law, it is provided that they may continue the operation of their businesses for a certain specified period without licences, in

order to enable them to adjust themselves gradually to the new situation created by the Law.

Law Concerning the Imperial Fuel Industry Promotion Company, Ltd.

This legislation is designed to provide for the establishment of the above-mentioned company whose business is to invest in the enterprises relative to the artificial petroleum industry and to give guidance to the manufacturers in connection with technique, management, and other matters. Its objectives will include facilitating the supply of capital funds amounting to 770,000,000 yen necessary for the execution of the seven-year promotion plan, and contributing toward the promotion of private enterprises. These protective and promotive measures are, at the same time, accompanied by those for adequate supervision.

A. Organization

Since the company is to be a so-called " special company " created not by virtue of the Commercial Code but of the previously mentioned special Law, it has an organization of its own which differs from that of ordinary business institutions. This company is placed under the special protection and supervision of the Government.

1. Of the capital of 100,000,000 yen, 50,000,000 yen will be invested by the Government.
2. In consideration of the special nature of the company, the qualifications for shareholders will be restricted so as to safeguard its control by Japanese.
3. As for the officers of the institution, a special rule will be set up in regard to their number, term of office, functions and method of election, in order to facilitate governmental supervision.

B. Protective and Promotive Measures

1. For the purpose of facilitating the raising of funds, the first payment on shares, increase of capital and issue of debentures will also be governed by special rules apart from the Commercial Code. In particular, debentures (the Fuel Industry Promotion Debentures) may be issued to an amount three times as large as the capital. Furthermore, payment of both principal and interest is guaranteed by the Government.
2. In order to safeguard the payment of dividends to private

shareholders the Government not only will forgo its share in the profits but will grant subsidies until the rate of dividends reaches a certain fixed point.

3. The company is exempted from income tax, business profit tax, and certain local taxes for a period of ten years beginning with the year of its opening of business.

C. Guidance and Supervision

1. The company is subjected to governmental supervision in all its business operations and, at the same time, is required to obtain approval regarding business plans and other important matters in its operation.

2. The Government is authorized to give to the company necessary orders concerning supervisory, public, and military purposes.

3. The Government will appoint a Supervisor of the Imperial Fuel Industry Promotion Company who will supervise the company through reports, inspections and other means.

D. Organization Committee

The work of establishing the company is entrusted to an organization committee appointed by the Government, which is to take charge of the drafting of the articles of incorporation, the inviting of subscriptions for shares, and all necessary steps concerning organization. For this purpose a chairman and 35 members of the Committee were appointed on September 18, 1937, and through their activity the actual work of organization is well on the way to completion. All shares have now been subscribed.

Cooperation is Urged

The term, artificial petroleum, sounds unfamiliar to the Japanese ear. Other countries, however, have known the term for a good many years. Achievements in Germany have already been mentioned. It must be remembered that her success in this connection has been due in no small part to sacrifices on the part of the people. To cite but one instance, the Germans are paying a high price for natural petroleum—a price three times as high as that prevailing in Japan—on account of heavy duties imposed; but her bitter experiences during the World War have spurred the nation to keep on endeavouring for the completion of her promotive programme in artificial oil, in the face of immediate economic disadvantages.

Japan has not undergone, nor is she undergoing such experiences. Consequently, the nation is, on the whole, unable to appreciate the real importance of the fuel problem. However, the present international situation demands that the entire nation should fully comprehend the graveness of the problem and unite in contributing toward its successful solution.

DOCUMENTS CONCERNING THE CONFERENCE OF THE NINE POWER TREATY SIGNATORIES

INVITATION OF THE POWERS

—Communicated to Mr. Koki Hirota, Minister for Foreign Affairs, by the Belgian Ambassador, Baron de Bassompierre, on October 21st, at 10:30 a.m.—

IN compliance with the request of the Government of Great Britain, made with the approbation of the Government of the United States of America, the Royal Government proposes to the Signatory States of the Treaty of February 6, 1922, to convene at Brussels on the 30th of this month with the view of examining in accordance with Article VII of that Treaty, the situation in the Far East and of studying the peaceful means of hastening the end of the unfortunate conflict existing there.

Tokyo, October 20, 1937

REPLY OF THE JAPANESE GOVERNMENT

The Japanese Government has the honour to acknowledge the receipt of the Note Verbale under the date of the 20th instant, by which the Royal Government, in accordance with the request of the Government of Great Britain, and with the approbation of the Government of the United States of America, proposes to the Powers signatory to the Treaty of February 6, 1922, to meet at Brussels on the 30th of this month in order to examine, in conformity with Article VII of the said Treaty, the situation in the Far East and to study amicable means of hastening the end of the regrettable conflict which is taking place there.

The League of Nations, in the report adopted on the 6th of the month, has declared, on the basis of the statement of only one of the two parties, that the military operations carried on by Japan in China are in violation of the Nine Power Treaty. The action of Japan in China is one of self-defence which she has been compelled to take in the face of China's violent anti-Japanese policy and practices, exemplified particularly in her provocative acts through appealing to force of arms. Consequently, Japan's action lies

outside the purview of the Nine Power Treaty, as has been declared already by the Imperial Government.

The Assembly of the League of Nations has even gone the length of assuring China of its moral support and of recommending to its members to abstain from any action that might weaken that country's power of resistance and add to its difficulties in the present conflict, and also to study how they might individually give aid to China. This is to take no account of the just intention of the Imperial Government, which proposes to bring about sincere cooperation between Japan and China, to assure enduring peace in East Asia, and to contribute thereby to the peace of the world. This is to take sides with one of the parties and to encourage its hostile disposition, but in no way to contribute to an early settlement.

In its invitation the Royal Government makes no mention of the connection between the proposed Conference and the League of Nations. However, in view of the fact that in its Resolution the League of Nations has suggested a meeting of those of its members who are party to the Nine Power Treaty, and that the Government of the United States, which has acquiesced in the request of the Government of Great Britain for the convocation of the Conference, declared on October 6th its approval of the Resolution, the Imperial Government cannot but conclude that the convocation of the Conference is linked to the Resolution of the League of Nations. Now, as mentioned above, the League of Nations has expressed its views casting reflection upon the honour of Japan, and it has adopted a resolution which is incontestably unfriendly toward her. In these circumstances, the Imperial Government is constrained to believe that frank and full discussion to bring about a just, equitable and realistic solution of the conflict between Japan and China, cannot be expected between the Powers concerned at the proposed Conference.

Moreover, the present Sino-Japanese conflict has arisen from the special situation of East Asia and has vital bearing upon the very existence of the two countries. The Imperial Government is firmly convinced that an attempt to seek a solution at a gathering of so many Powers whose interests in East Asia vary in degree, or who have practically no interests there at all, will only serve to complicate the situation still further and to place serious obstacles in the path of a just and proper solution.

For these reasons, the Imperial Government regrets its inability to accept the invitation of the Royal Government.

The present conflict has been caused by none other than the

Chinese Government which, for these many years, has been engaged as a matter of national policy in disseminating anti-Japanese sentiment and encouraging anti-Japanese movements in China, and which, in collusion with the communist elements, has menaced the peace of East Asia through virulent agitation against Japan. Consequently, what is needed most urgently for a solution of the conflict is a realization on the part of the Chinese Government of the common responsibility of Japan and China respecting the stability of East Asia, a revision of its attitude, and a change of its policy to one of cooperation between the two countries. What Japan asks of the Powers is that they comprehend fully this need. Cooperation based upon such comprehension alone can contribute effectively toward the stabilization of East Asia.

THE STATEMENT OF THE JAPANESE GOVERNMENT

—On Japan's Non-Participation in the Conference of the Nine Power Treaty Signatories—

Dated October 27, 1937

The Japanese Government, having replied to the invitation of the Belgian Government to the Conference of the Signatories of the Nine Power Treaty of 1922, takes this opportunity of making public at home and abroad a statement of its views.

I

China has witnessed the rise and fall of countless régimes since the Revolution of 1912, but her foreign policy has been consistently one of anti-foreignism. Especially since 1924, when the Kuomintang set up the Nationalist Government in Canton and entered into alliance with the Communists as a means of winning control of the central administration, an anti-foreign policy began to be pursued with unprecedented vigour and ruthlessness; anti-foreign sentiment was imbued in the minds of the people. The manner in which foreign Powers, one after another, were victimized and deprived of their vested rights and interests is still clearly remembered. An additional, noteworthy fact is that Japan has been made the principal target of this anti-foreign policy of China during the past ten years.

Japan has always striven to promote friendship and cooperation among the nations of East Asia, in the firm conviction that therein lies the key to the stability of that region. Japan welcomed the deepening of Chinese national consciousness which followed upon

the Revolution, believing that it would tend to effect Sino-Japanese collaboration. She adopted the policy of meeting the legitimate national aspirations of China to the utmost possible extent. In 1926, for example, Japan took the lead in assisting China to recover her customs autonomy, and took a firm stand favourable to China on the question of the abolition of extra-territoriality. Thus cultivating China's good-will, Japan looked forward patiently and eagerly to a favourable response that would comport with her ideal of friendship and cooperation. However, China showed no signs of appreciation for this sympathetic attitude on the part of Japan. On the contrary, she raised still higher the banner of anti-Japanism, and seemed resolved to annihilate all Japanese rights and interests in China.

The Nanking Government employed anti-Japanism in domestic politics as a convenient tool for the mobilization of public opinion in support of their régime, and resorted to the unheard-of tactics of making it the foundation of moral education in the army and in the schools, so that even innocent children and youths were taught to look upon their friendly neighbour as an enemy. As a result, not only were the peaceful trade and economic activities of Japan interrupted, but the very lives of Japanese nationals were jeopardized. This anti-Japanese campaign finally took the form of organized terrorism as in the cases of the killing of a Japanese marine at Shanghai in November, 1935, and of the subsequent murderous attacks upon Japanese subjects at Swatow, Chengtu, Pakhoi, Hankow and Shanghai, and the bombing of Japanese residences at Shanghai and Swatow. In the face of the alarming situation the Japanese Government remained calm and forbearing. Urgent requests were repeatedly made to the Nanking Government for the reversal of their disastrous policy, but to no avail.

Then toward the end of 1936 occurred the Sian Incident, in which General Chiang Kai-shek was held captive for some days. Though the exact circumstances surrounding that sensational incident remain a mystery, it is an indisputable fact that shortly after its liquidation communist elements, gaining the ascendency in the Nanking Government, began to conduct campaigns of disturbance in North China and Manchoukuo under the banner of the "Anti-Japanese People's Front." This led directly to the Lukouchiao Incident of July 7th in which Japanese soldiers were fired upon by Chinese troops in the outskirts of Peiping.

II

Upon the occurrence of the Lukouchiao Incident the Japanese Government, desirous of averting a possible Sino-Japanese crisis,

immediately formulated a policy of non-aggravation and local settlement, and devoted its best efforts toward bringing about an amicable solution, despite the intolerable situations that were created, one after another, by the Chinese on the spot. Contrarily, the Nanking Government, in violation of the Umezu-Ho Agreement, moved north the vast forces under its direct command, to threaten the Japanese garrisons ; it also instigated local Chinese armies against Japan. The situation was continuously aggravated until a general clash between the two countries became inevitable. It should be recalled that the Nanking Government, which was employing anti-Japanism as an instrument of internal unification, had been conducting militaristic propaganda aimed at Japan for some years, and that at the same time, by importing vast quantities of munitions, constructing fortifications, and giving intensive training to troops, it had succeeded in building up strong armaments, so that Chinese military men grew over-confident of their own strength and the people themselves were deluded into placing an exaggerated estimate upon their country's fighting power. A belligerent spirit toward Japan came to prevail throughout the land.

Long before the present outbreak, Chinese newspapers and magazines were calling Japan the " enemy country " and Japanese their enemies. At the time of the Lukouchiao Incident, with the Nanking Government driven to action against Japan through the internal situation which it alone had created, Japan's cautious attitude and her policy of local settlement were both doomed to utter failure.

With the aggravation of the situation all Japanese residents not only in North China but also in Central and South China became exposed to imminent danger, and were compelled to evacuate *en masse*, abandoning the enterprises that they had laboriously built up during long years. At the same time the Chinese in Shanghai, in contravention of the 1932 Truce Agreement, secretly began to construct military works in the demilitarized zone and to perfect war preparations. Accordingly, in June of this year the Japanese Government made a request for a special conference of the Powers concerned, and called the attention of the Chinese Government to the matter. The Chinese refused to alter their attitude, but upon the outbreak of the armed conflict in North China, they moved troops into the prohibited zone in flagrant violation of the Truce Agreement, and finally following upon the murder of an officer and man belonging to the Japanese marines on August 9, they launched an attack upon the International Settlement. While the Japanese authorities were still engaged in patient and forbearing negotiations

with the representatives of the Powers concerned, in a desperate attempt to prevent hostilities, at the same time bearing serious strategical disadvantages, the Chinese began to shell and bomb the Japanese quarter of the Settlement as well as the Japanese garrison defending it, with a view to annihilating the 30,000 Japanese residents as well as the Japanese forces who were hopelessly outnumbered by the Chinese armies. Thereupon Japan was compelled to take counter-measures in self-defence.

As is clear from the foregoing account, the fundamental cause of the aggravation of the present affair is to be found in the policy of the Nanking Government which moved large, threatening forces into North China in contravention of the Umezu-Ho Agreement, and also tore up the Truce Agreement by marching troops on the International Settlement in Shanghai. Japan was compelled to take up arms in self-defence; she has chosen this opportunity to make the Nanking Government revise its attitude for the sake of the permanent peace of East Asia. Therefore, the present affair can never be settled until the Nanking Government mends its ways, abandons once and for all time its anti-Japanese policy and accepts Japan's policy of cooperation and collaboration between the two countries.

III

It should be remembered that one of the important factors underlying Nanking's feverish agitations of more recent years against Japan is the action taken by the League of Nations at the time of the Manchurian Incident. That body then adopted a resolution framed in utter disregard of the realities of the situation in East Asia, which strongly stimulated China in her anti-Japanese policy. Now the League has once more taken up the appeal of the Nanking Government. Without going fully into the real causes of the present affair, it has concluded on the basis of false reports that the bombing of the military works in strongly fortified Nanking and Canton was an attack upon defenceless cities, and adopted the resolution of September 27th condemning Japan. Again on October 6th, the General Assembly of the League not only concluded that Japan's action constituted a violation of the Anti-War Pact and the Nine Power Treaty but also adopted a resolution which openly calls for assistance to China. Such proceedings on the part of the League only fall in with the cunning scheme of the Nanking Government to exert pressure upon Japan by inviting the intervention of third Powers, and serve no other end than the useless one of encouraging China in her resolve to oppose Japan to the last and to render a

settlement of the affair more difficult than ever. It must be stated that the League of Nations is repeating the error that it committed but a few years ago.

Japan's action is one of self-defence taken in the face of Chinese challenge; obviously there can be no question of violation of the Nine Power Treaty. Moreover, as compared with the time when that treaty was concluded, the current situation in East Asia has been rendered totally different, due to the infiltration of communist influence and the changes of internal conditions prevailing in China. In any case, as regards the conference that has been convened of the signatories to the Nine Power Treaty, it is a foregone conclusion that a majority of the participants will hold themselves bound by the above-mentioned resolutions of the League of Nations, and even if Japan took part in its deliberations, no fair and just results could be expected therefrom as in the case of the League meeting at the time of the Manchurian Incident. In particular, as this Conference is to be attended by Powers which are not directly interested in East Asia, it is calculated to arouse popular feeling both in Japan and China, thereby complicating the situation still further and contributing nothing toward a solution. The Japanese Government has, therefore, decided to decline the invitation.

The Japanese nation, rising as one man, is united in the determination to surmount all obstacles for the purpose of effecting a speedy settlement. Japan is by no means indifferent towards international cooperation. But the Sino-Japanese difficulties can be solved only through direct negotiations between the two Powers on whom falls the common burden of responsibility for the stability of East Asia. What is needed is the elimination of Nanking's anti-Japanese policy and the communist elements which are identified with it, so that there may be established an enduring peace based upon Sino-Japanese unity and cooperation. Japan does not look upon the Chinese people as her enemy, nor does she harbour any territorial designs. It is rather her sincere wish to witness the material and spiritual advancement of the Chinese nation. And it is her desire to promote cultural and economic cooperation with foreign Powers regarding China, at the same time respecting fully their rights and interests there. Accordingly, as soon as the Powers understand the true intentions of Japan, and take suitable steps to make the Nanking Government reconsider its attitude and policy, then and only then will a way be paved for their cooperation with Japan respecting the settlement of the present conflict.

INVITATION IS RENEWED

Appeal of the Conference of the Nine Power Treaty at Brussels to the Japanese Government

Tokyo, November 7, 1937

1. The Representatives of States meeting at Brussels since November 3rd last have taken cognizance of the reply of the Japanese Government sent in October for the invitation of the Belgian Government, and the statement which accompanied this reply.

2. In these documents the Imperial Government states that it cherishes no territorial ambition in respect of China and that on the contrary it sincerely desires "to assist the material and moral developments of the Chinese Nation," it also desires "to promote cultural and economic cooperation," with the foreign Powers, of China and that it intends, furthermore, scrupulously "to respect the foreign rights and interests in that country."

3. The points referred to in this declaration are among the fundamental principles of the treaty signed at Washington on the 6th of February, 1922—"The Nine Power Treaty." The Representatives of States parties to the Treaty have taken note of the declaration of the Imperial Government in this respect.

4. The Imperial Government, moreover, denies that there can be any question of violation of the Nine Power Treaty by Japan and it formulates a number of complaints against the Chinese Government. The Chinese Government for its part contends that there has been violation, denies the charge of the Japanese Government and in turn makes complaint against Japan.

5. The treaty has made provision for just such a situation. It should be borne in mind that the exchange of views taking place at Brussels is based essentially on these provisions and constitutes "full, frank communication" as envisaged in Article 7. The Conference is being held with the view of assisting and resolving, by peaceful means, the conflict between the parties of the Treaty. One of the parties to the present conflict, China, is represented at the Conference and has affirmed its willingness fully to cooperate with the Conference, regrets the absence of the other party, Japan, whose cooperation is most desirable.

6. The Imperial Government states that it is "firmly convinced that the attempt to seek solution at a gathering of so many Powers, whose interests in East Asia vary in degree, or who have practically no interests there at all, will serve to complicate the situation still

further and to place serious obstacles in the path of a just and proper solution." It should be pointed out that all these Powers which are the parties to the Treaty are, under the terms of this act, entitled to exercise their rights, which the Treaty confers upon them, that all the Powers, which have interests in the Far East, are concerned regarding the present hostilities, and that the whole world is solicitous with regard to the effect of these hostilities on the peace and security of the members of the family of nations. However, the Representatives of States met at Brussels believe that it may be possible to allay the Japanese misgivings referred to above, they would be glad to know whether the Imperial Government would be disposed to depute its representative or representatives for exchange of views with the representatives of a small number of Powers chosen for the purpose. Such exchange of views would take place within the framework of the Nine Power Treaty and in conformity with the provisions of the Treaty. Its aims would be to throw further light on the various points referred to above and to facilitate the settlement of the conflict. In regretting the continuation of hostilities, being firmly convinced that peaceful settlement is alone capable of ensuring lasting, constructive solution of the present conflict, and having confidence in the efficacy of the method of conciliation, the Representatives of States met at Brussels earnestly desire that such settlement may be achieved.

7. The States represented at the Conference would be very glad to know as soon as possible the attitude of the Imperial Government toward this proposal.

JAPAN'S REPLY TO THE SECOND INVITATION

The Imperial Government has the honour to acknowledge the receipt of the Note Verbale, dated November 7th concerning the Brussels Conference.

While it is pleased to take cognizance of the fact that the opinion of the participating Powers set forth in the said Note is the result of careful consideration, the Imperial Government regrets that this opinion is not sufficient to persuade it to modify the views and policy clearly expressed in its last reply, dated October 27th, and in its public statement of the same date. It is stated by the participating Powers that they would be prepared to designate representatives of a small number of Powers for an exchange of views with one or several representatives of Japan within the scope of the Nine Power Treaty and in conformity with its provisions. However, the Imperial Government adheres firmly to the view that its present action,

being one of self-defence forced upon Japan by the challenge of China, lies outside the scope of the Nine Power Treaty, and that there is no room for discussion of the question of its application. It is certainly impossible to accept an invitation to a conference convened in accordance with the stipulations of that treaty after Japan has been accused of having violated its terms.

Since the present affair has its origin in the special conditions of East Asia, the most just and equitable solution can be reached through direct negotiations between the two parties who are directly and immediately interested. It is the firm conviction of the Imperial Government that an attempt to negotiate within the framework of a collective organ such as the present Conference, would only arouse popular feelings in both countries and hinder a satisfactory solution of the affair. The Imperial Government would be glad if the Powers, appreciating fully the above-mentioned view, should contribute to the stabilization of East Asia in a manner consonant with the realities of the situation.

The participating Powers state that all the Powers having interests in the Far East are affected by the present hostilities and that the whole world views with apprehension their repercussions on peace and on the security of the members of the family of nations. As regards this consideration, the Imperial Government desires to point out that, as has been made clear in Japan's successive declarations, it is doing everything within its power to respect the rights and interests of Foreign Powers in China, and that it has the deepest concern for the firm establishment of peace in East Asia through a satisfactory conclusion of the present affair.

THE SITUATION IN CHINA

I

—Advance of the Imperial Army—

PRESS SECTION, WAR DEPARTMENT

The Shanghai Front

(From October 6th to November 12th)

THE Asama, Adachi and Nagatsu detachments in the Lotienchen sector started an offensive on the morning of October 10th, braving stormy weather. They broke through the enemy line south of Wangchiawan and reached Yangking Creek at noon.

The Kano and Tsuda detachments in cooperation with an engineering unit organized themselves in a forlorn hope and succeeded in crossing the creek in the face of the enemy early in the morning of October 6th, reaching the southern bank.

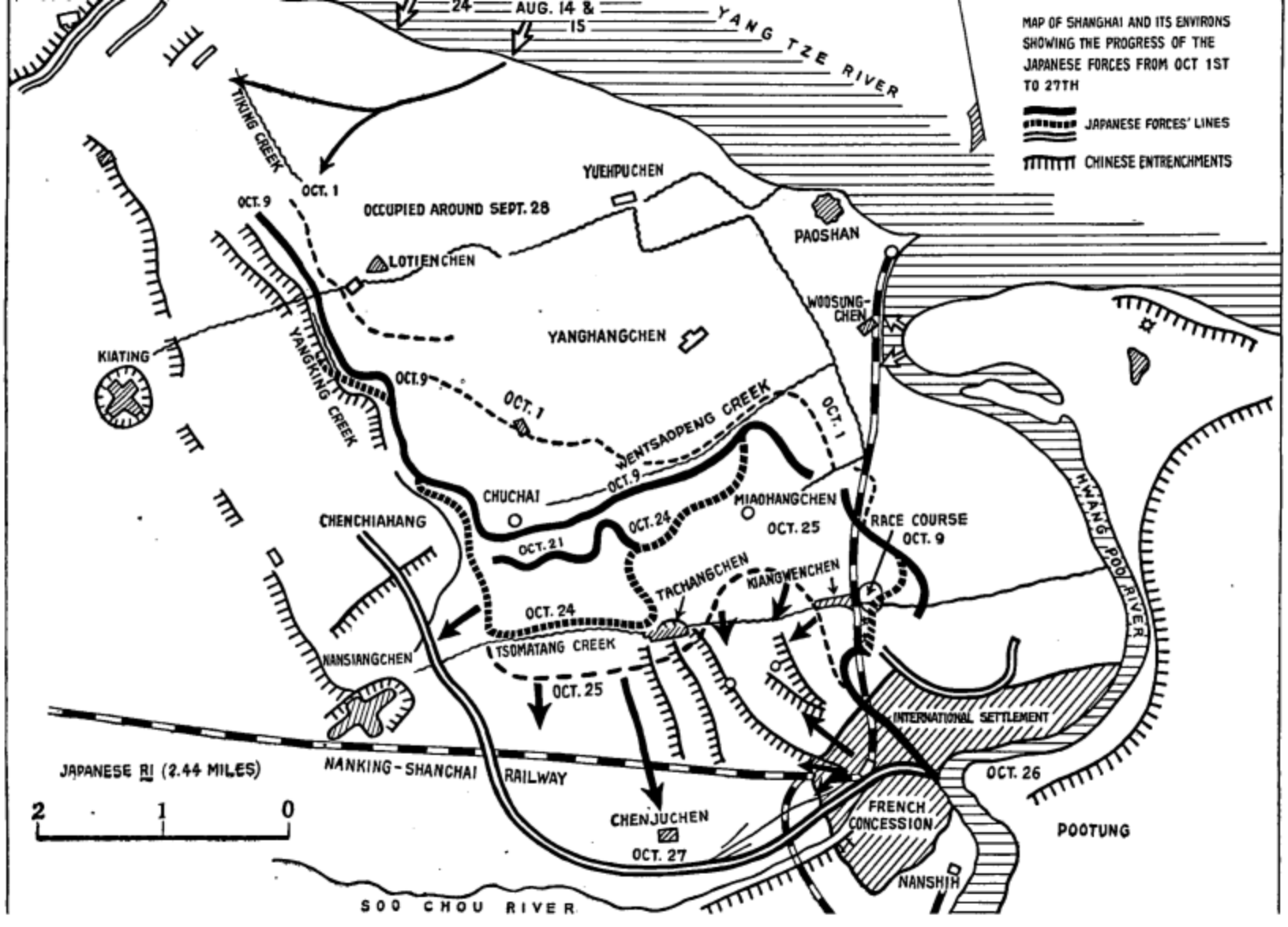
The Japanese force in the sector south of Woosung steadily pressed back the enemy and on October 9th reached the line connecting Wangchiatze, Chinchiakang and Chinchiatao. Part of the Japanese force advanced to the line betweenWuchiatze and Luchiachiao.

The Japanese Marines on the Chapei front took the Tsungteh Girls' School building on October 4th and occupied Sanyi lane on the following day. By dislodging the bulk of the Chinese troops from the eastern side of the Shanghai-Woosung railway, the marines secured the North Szechuan Road sector.

From August 23rd when the Japanese troops landed near Shanghai up to October 5th, the Japanese forces inflicted such heavy losses to the Chinese troops that they picked up 5,706 bodies of Chinese soldiers killed on the battlefield. The Japanese also took 580 Chinese prisoners and captured 482 machine-guns and 3,147 rifles.

On October 8th, General Matsui, Commander-in-Chief of the Japanese Army in the Shanghai area, issued a statement, intimating his determination to wage a decisive battle with the enemy in the near future. At the same time, the General also made an appeal to the Chinese people to take a dispassionate view of the situation, both at home and abroad.

Entrenched warfare developed in the Shanghai area, unlike North China where the Japanese Army made a long drive in spectacular fashion. Since the occupation of Shanghai by the Japanese forces would deal a crushing blow to the anti-Japanese and pro-Communist Nanking Government from military, financial and moral viewpoints, the Chinese Army fought desperately against the Japanese there, even going to the extreme of using poison gas.


MAP OF SHANGHAI AND ITS ENVIRONS SHOWING THE PROGRESS OF THE JAPANESE FORCES FROM OCT 1ST TO 27TH
JAPANESE FORCES' LINES
CHINESE ENTRENCHMENTS
AUG. 14 & 15
YANG TZE RIVER
TIKING CREEK
OCT. 1
OCT. 9
OCCUPIED AROUND SEPT. 28
YUEHPUCHEN
PAOSHAN
LOTIENCHEN
WOOSUNG-CHEN
YANGHANGCHEN
KIATING
YANGKING CREEK
OCT. 9
OCT. 1
WENTSAOPENG CREEK
OCT. 1
OCT. 9
CHUCHAI
MIAOHANGCHEN
OCT. 25
RACE COURSE
OCT. 9
HWANG POO RIVER
CHENCHIAHANG
OCT. 24
OCT. 21
TACHANGCHEN
KIANGWENCHEN
OCT. 24
TSOMATANG CREEK
NANSIANGCHEN
OCT. 25
INTERNATIONAL SETTLEMENT
JAPANESE RI (2.44 MILES)
NANKING-SHANGHAI RAILWAY
OCT. 26
2 1 0
CHENJUCHEN
OCT. 27
FRENCH CONCESSION
POOTUNG
NANSHIH
SOO CHOU RIVER

Information revealed that the Chinese troops on the first line exceeded 420,000 men against which land and air units of the Japanese forces were brought into action, sometimes utilizing subterranean passages constructed by engineers. The Japanese steadily pressed back the Chinese troops, dislodging them from strongly established positions one after another. Following the occupation of an important position on the northern front of Shanghai, the Japanese forces started a southern drive, at the same time guarding against the enemy in the west. These tactics ushered in important developments in the Shanghai situation.

The enemy positions in front of Tachangchen lay 5 kilometres deep in trenches which were reinforced with iron rails. Both the Japanese military and naval air forces concentrated bombardments on these strongly established Chinese positions, from which the enemy offered desperate resistance. Led by tanks, the Japanese forged their way through all manner of difficulties and reached within easy striking distance of Tachangchen.

The Tanikawa detachment which was attacking the Chinese troops in the Kiangwanchen sector occupied Futan University at 11 a.m., October 24th.

This detachment took the Commercial College building south of Kiangwanchen on October 25th as well as the Tienlo Temple east of it. Then the detachment started a drive on Kiangwanchen from a point along the Shanghai-Woosung Railway. On October 26th this unit took the Race Course, which served as a signal for a general onslaught on Kiangwanchen. With Kiangwanchen thus occupied, the Japanese troops pursued the enemy in western and south-western directions.

The advance line of the Japanese force which suddenly pushed south from the northern front reached Tsouma Creek on the morning of October 24th. The enemy planned to hold the southern bank of the creek as well as Tachangchen at any sacrifice. The Chinese troops established strong positions on the southern bank of Soochow Creek and ordered the Chinese inhabitants to evacuate Nantao, the southern Chinese quarter of Shanghai for the purpose of defending this sector to the last. Strong fortifications were also made at Hungjao, a southern suburb of Shanghai.

On the night of October 24th the Japanese troops resumed their attack. Early the next morning they crossed Tsuoma Creek and caused the enemy to retreat toward the west and south, battering Chinese positions at Tachangchen and east of it.

The following night the Oda detachment after fierce fighting occupied a salient of the enemy position at Miaohangchen, where, in the Shanghai incident of 1932, three Japanese soldiers leaped into international fame by blowing themselves up with ignited bombs in an effort to cut a way through barbed wire entanglements.

The Japanese force continued the attack on the Tachangchen sector, by continuing to cross Tsouma Creek on October 25th. The following morning the Japanese crossed the Nanking-to-Tachangchen highway west of Tachangchen. The Hosomi detachment broke through a salient of the Chinese positions at Tachangchen and advanced upon the wireless station at Chenju. Part of the detachment reached Choutze on the Shanghai highway and harassed enemy positions from the rear.

In concert with the advance of the Hosomi detachment, the Ishii and Oshima detachments reduced western Tachangchen, while the Tagami detachment occupied the enemy positions near Changtze and Litze. Meanwhile the Fukui detachment broke through the centre of the enemy positions at Tachangchen which was thus completely occupied by the Japanese. The Iizuka detachment also entered Tachangchen from the east.

The Tsuda detachment in close cooperation with the Fukui detachment likewise reached Tsouma Creek east of Tachangchen.

The Tagami, Takamori and Kawanami units which had been attacking the enemy positions west of Tachangchen in concert with the Ishii detachment started a drive on Soochow Creek by breaking through strong enemy positions and reaching the line connecting Loyangchiao, the Chenju wireless station and Tangchiatze.

An army air force, in cooperation with the troops, attacked the enemy positions along the line extending west and east from Tachangchen from the morning of October 26th and inflicted heavy damages on the enemy.

Early in the morning of October 27th, Japanese marines launched a general attack on the Chapei sector. By breaking the stiff resistance of the enemy on the first line, they succeeded in dislodging the Chinese troops from Chapei. The Japanese naval ensign was hoisted at the top of the Railway Administration Office building, while the North Shanghai Station was also captured by the marines. Junction between army and marine forces was effected in the north-western part of the Chapei sector.

From August 23rd when the Japanese Army landed near Shanghai up to October 23rd when the Japanese started a general attack along the whole front, the Japanese suffered 5,173 killed, while the Chinese casualties during the same period are estimated at 250,000, of which 60,000 dead bodies were picked up by the Japanese. In position warfare, the attacker usually suffers more than the defender, but the reverse was true in the Shanghai campaign in which the Japanese casualties were considerably lower than the Chinese. The Japanese also captured 7,000 rifles, 1,000 light machine-guns, 100 heavy machine-guns, 100 trench-mortars, 1,000,000 rounds of ammunition and 10,000 hand grenades.

By breaking through the Chinese Hindenburg line connecting Tachangchen and Kiangwanchen, regarded so highly by Chinese military leaders, the land, sea and aerial arms of the Japanese forces kept up their combined attacks on the Chinese positions, which fell one after another. By crossing Soochow Creeek successfully, the Japanese troops established positions completely encircling Shanghai.

The Japanese detachments which had been pursuing the retreating Chinese troops round the International Settlement, rallied on the northern bank of Soochow Creek by October 30th. The same morning these troops launched an attack on major enemy positions at Peihsinking and other points on the southern bank of Soochow Creek in cooperation with the military and naval air forces.

On October 31st, the Tagami detachment on the northern bank of Soochow Creek launched an onslaught on enemy positions on the southern bank of the creek and succeeded in crossing the creek aided by

an engineering detachment and covered by artillery fire.

The following morning at 11 o'clock, preceded by aerial and artillery bombardments on the enemy positions, the Nonaka engineering detachment succeeded in constructing pontoon bridges across Soochow Creek south of Hungjaochen, enabling the Wakisaka infantry detachment to cross the creek. This unit, in cooperation with the Shimoeda detachment which also crossed the creek shortly after it had stormed the enemy positions at Yaochiatze and Changchiatze on the southern bank of Soochow Creek, pressed back the enemy in a southward direction.

Early in the morning of November 2nd, the Japanese air force swung into full action, reconnoitring and bombarding enemy positions south of Soochow Creek in cooperation with the offensive maintained by the troops. With the advance of the Japanese forces on the southern bank of Soochow Creek, the Shanghai-Hangchow-Ningpo Railway came into the range of Japanese artillery fire.

Severance of communications between Nanking and Nantao, the southern Chinese quarter in Shanghai, which is the spear-head of the Nanking Government's war resources, has now become a matter of hours.

The Shansi Front

(From October 3rd to November 12th)

The Japanese troops operating in northern Shansi province were confronting about 10,000 Chinese troops at Kuohsien, about 32 kilometres south of Taichow on October 4th. They started a general attack on the Shansi force at noon, October 7th, and completely occupied Kuohsien the following morning. The siege lasted five days, during which time the Japanese vigilantly watched the enemy, superior in numerical strength.

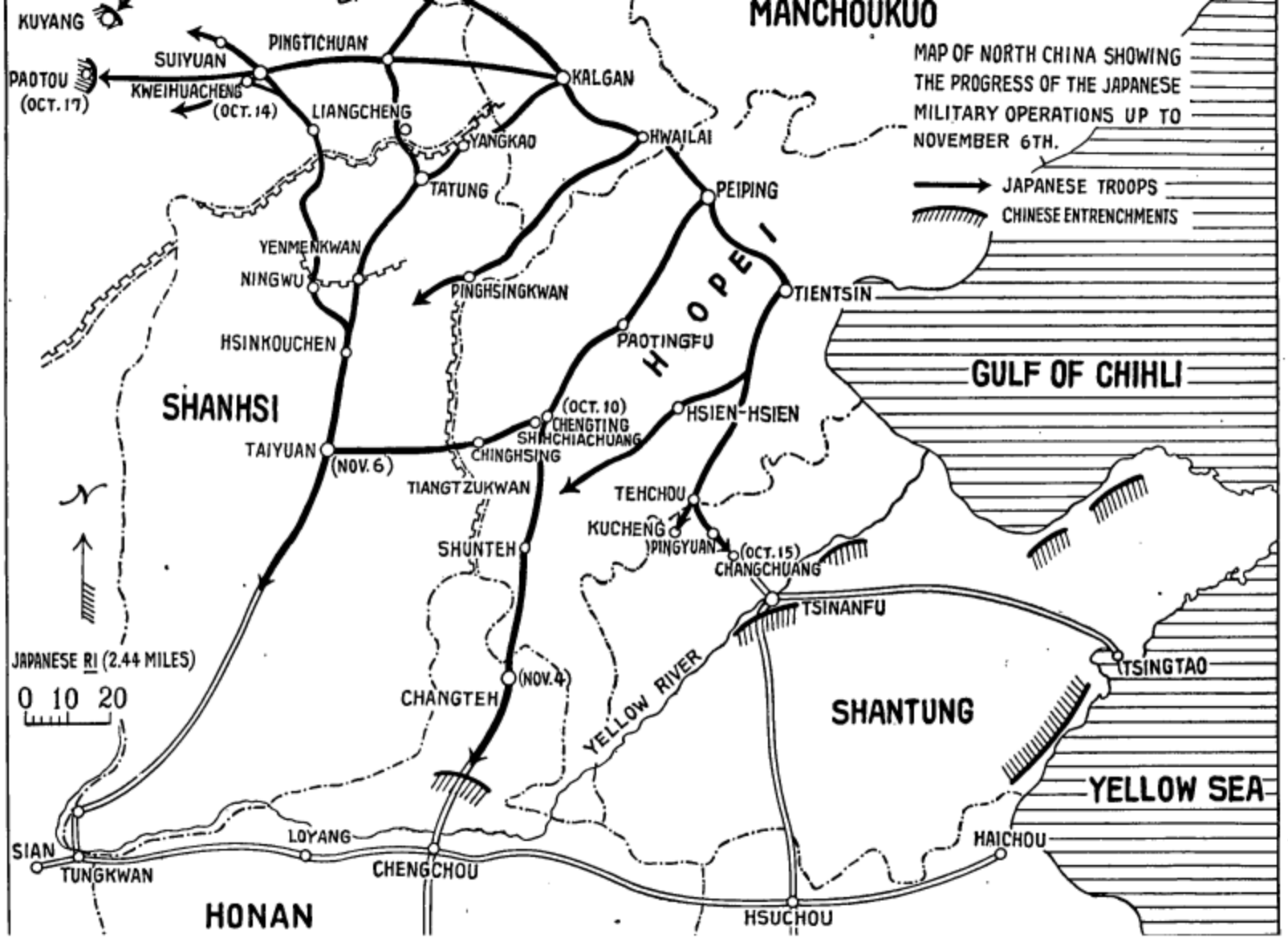
The Gotoh and Igakura detachment stormed Yuanpingchen on October 10th and continued their drive on Sinkowchen to the south.

Fall of Taiyüan

The Koito detachment which was advancing on Taiyüan, capital of Shansi province, along the Chengtai Railway from Hopei province, started an attack on the enemy at Niangtze Pass on the border between Hopei and Shansi provinces on October 15th. This unit steadily pressed back the enemy thus menacing the headquarters of the Shansi troops at Taiyüan.

The Japanese aerial force carried out bombardments almost daily on the Shansi forces at Sinkowchen and Niangtze Pass in concert with the attacks of the Japanese troops.

From October 13th the Japanese forces were attacking about 150,000 Shansi troops at Sinkowchen which put up stubborn resistance, taking full advantage of their geographical position. At 11 p.m. November 2nd, the Wada engineering detachment organized in a forlorn hope, yet succeeded in blowing up a salient of the enemy position. This provided a signal for a general offensive by the Japanese, who, braving showers of bullets and shells, dashed into the enemy positions, where hand-to-hand fighting developed.


MANCHOUKUO
MAP OF NORTH CHINA SHOWING THE PROGRESS OF THE JAPANESE MILITARY OPERATIONS UP TO NOVEMBER 6TH.
JAPANESE TROOPS
CHINESE ENTRENCHMENTS
KUYANG
PINGTICHUAN
SUIYUAN
PAOTOU (OCT. 17)
KWEIHUACHENG (OCT. 14)
KALGAN
LIANGCHENG
YANGKAO
HWAILAI
TATUNG
PEIPING
YENMENKWAN
NINGWU
PINGHSINGKWAN
TIENTSIN
HOPEI
HSINKOUCHEN
PAOTINGFU
GULF OF CHIHLI
SHANHSI
(OCT. 10) CHENGTING
SHIHCHIACHUANG
HSIEN-HSIEN
TAIYUAN (NOV. 6)
CHINGHSING
TIANGTZUKWAN
TEHCHOU
KUCHENG
PINGYUAN
(OCT. 15) CHANGCHUANG
SHUNTEH
TSINANFU
JAPANESE RI (2.44 MILES)
0 10 20
CHANGTEH (NOV. 4)
YELLOW RIVER
TSINGTAO
SHANTUNG
YELLOW SEA
SIAN
LOYANG
HAICHOU
TUNGKWAN
CHENGCHOU
HONAN
HSUCHOU

Early in the morning of November 3rd, the anniversary of the birth of the late Great Emperor Meiji, the Japanese successfully occupied enemy positions at Sinkowchen and its neighbourhood which extended over 32 kilometres in length and about 4 kilometres in width.

Later the Japanese pushed farther south and reduced Sinhsien, 36 kilometres north of Taiyüan. The enemy suffered over 30,000 killed and wounded in the engagements at Sinkowchen and Sinhsien.

The Koito detachment which had been attacking Niangtze Pass on the border between Hopei and Shansi provinces from the east along the Chengtai Railway since October 15th, succeeded in taking the new barrier of Niangtze Pass early in the morning of October 27th, after arduous mountain warfare.

Another Japanese detachment, the Morimoto unit, which cooperated in storming the new barrier continued its westward drive and reached Shimenkow in the Pingting plain, after defeating the enemy on the highway from the new barrier to Pingting.

The Kobayashi detachment advanced westward along the Chengtai Railway, after clearing the heights east of Tsingsing of the enemy. Early in the morning of October 26th, this detachment, covered by artillery fire, started an attack on the enemy positions at a height north of Niangtze Pass. After successfully cooperating in the reduction of the Pass, the detachment gave hot chase to the retreating enemy and took a southern route to Tungwuchuang.

The border region stretching about 20 kilometres from Tsingsing to Niangtze Pass along the Chengtai Railway is mountainous, and the mountains are usually rocky and bald without any vegetation. The only passage lies along the Chengtai Railway which runs along the Yaho River.

Taking advantage of the steep mountain sides, the enemy dug a series of caves and fortified them all. This defence line continued 20 kilometres from Tsingsing to Niangtze Pass.

The Morimoto detachment which started a large-scale flanking movement successfully negotiated the Tahsing mountain range south of the Chengtai Railway and defeated the enemy at Tunghaichen about 36 kilometres southwest of Tsingsing on October 25th. The following day the detachment maintained its westward drive and dealt a crushing blow to two enemy divisions near Potsing. The detachment then successfully outflanked the enemy at the new barrier of Niangtze Pass and cut off its retreat. The enemy left 2,000 dead in the engagement at Potsing.

The Chinese guarded Niangtze Pass with approximately 10 troop divisions, one-half of which were either killed or wounded by the Japanese. The dead left by the enemy exceeded 10,000, while the Japanese captured a large quantity of arms and ammunition. Japanese losses were negligible.

The Japanese forces, after reducing Niangtze Pass, swooped down on Shansi province and took Yangchuan on October 30th.

Giving close chase to the enemy which fled in confusion from Yangchuan, the Kobayashi detachment reached Hsinhsingchen, about 8 kilometres north-west of Pingting, on October 31st. The detachment suffered from bad roads as well as from shortage in drinking water and provisions, but nothing daunted it kept up its westward drive. After dislodging the

enemy from Pataotsun, about 3 kilometres west of Hsinhsingchen, the detachment passed through Tzeshih on November 1st and defeated the enemy concentrations on the old highway in the west.

The Okazaki cavalry detachment hotly pursued the retreating enemy, after breaking through Chinese positions at Sinchuanchen on November 2nd. The same day the detachment successfully occupied Showyang, a strategically important town on the Chengtai Railway. The air force also cooperated with the cavalry and attacked the enemy retreating from Showyang. The enemy left 2 locomotives and 54 freight cars in fleeing from Showyang. The air force followed the escaping enemy and visited Taiyüan where it bombarded the military establishments there.

Taiyüan fell before the successful converging movement of the Japanese forces, of which one swooped down the city from northern Shansi province along the Tatung-Puchow Railway and the other drove west toward the Shansi capital along the Chengtai Railway from the east.

The Kobayashi and Suzuki detachments took Yutze, an important town at the junction of the Chengtai and the Tatung-Puchow Railways on the evening of November 4th, thus cutting off the southern retreat of the Chinese troops from Taiyüan.

The Japanese detachments which pushed south from Sinchow succeeded in encircling Taiyüan on November 6th. Prompted by the desire to avoid needless bloodshed and spare non-combatants of the horrors of war, the Japanese troops refrained from storming the capital of Shansi, and instead advised the Chinese troops to evacuate the walled city peacefully. But the Chinese failed to respond and resorted to unwarrantable provocation. This was the signal for a Japanese general attack on Taiyüan, covered by artillery and air bombardments. Taiyüan fell at 9:30 a.m., November 8th.

The Inner Mongolia Front

A dashing Mongol cavalry force defeated the 6th division of the Chinese Northeastern Army at Chihsiayingtze and occupied Wuchuan north of Suiyüan, capital of Suiyüan province, while the militia force led by the Prince of the Chung-kung Banner in western Inner Mongolia in cooperation with the Mongol troops started a drive on Kuyang, 120 kilometres north of Paotow, the western terminus of the Peking-Suiyüan Railway.

The Japanese Segawa, Nakajima and Yoshitomi detachments which had been operating in western Shansi province started a northern drive from Shohsien on October 8th and firmly secured Pinglu, by defeating about 1,500 cavalry troops under General Ho Chu-kuo at Niupingchen and Pinglu.

The Nakajima detachment, which led the van of the Japanese troops on that front, defeated the Chinese cavalry at Tsienpaimiaotze on October 11th. The following day the detachment reached the Tungtaheiho River, about 6 kilometres south-east of Suiyüan, where the Chinese established strong positions. In cooperation with the Kawamura detachment, the Nakajima detachment reduced the Chinese positions on the Tungtaheiho River and swooped down on Suiyüan and Kweihua, which the Japanese took on October 14th.

Occupation of Paotow

The Japanese troops were quick to follow up their victory at Suiyüan and Kweihua. The Matsuura and Hasegawa detachments continued their westward drive. On the morning of October 16th, they eradicated about 500 Chinese troops led by General Ma Chang-shan. On October 17th, the Kawamura detachment took Paotow, the western terminus of the Peking-Suiyüan Railway. The detachment did not rest long at this city, but soon started a drive on Wuyüan. At 6 p.m., the same evening, the detachment occupied Paoho on the upper reaches of the Yellow River, about 30 kilometres south of Paotow.

The Tanaka detachment which entered Paotow, closely following the Kawamura detachment, kept up its southern march and took Nanhaitze, about 8 kilometres south of Paotow.

The main body of the Japanese forces and the vanguard of the Mongol troops made a triumphant entry into Paotow on October 17th. All was quiet within the walled town. The prefectural government had not been functioning due to the flight of officials, but a peace maintenance commission was voluntarily organized by the leading citizens on October 17th. The Mongol inhabitants of Paotow manifested their friendly sentiments toward Japan in various ways. For example, the local constabulary cooperated with the Japanese forces in eliminating the remnants of the Chinese troops.

General Ma Chang-shan, who had been commanding the enemy forces in Paotow and its neighbourhood, fled toward Wuyüan with the fall of Paotow.

On October 19th, Prince Teh, the supreme commander of the Mongol forces, arrived at Paotow by aeroplane from Pailingmiao, where he had established his headquarters.

With the occupation of Suiyüan, Paotow and other important towns in Suiyüan province by the combined forces of Japanese and Mongol troops, the Chinese militarists who had been oppressing both the Mongol and Chinese people at Suiyüan have been driven away and apministration of the province is being conducted by the Peace Maintenance Commission elected by the people, which is also conducting affairs pertaining to economics and transportation as well as maintenance of peace and order. On October 23rd, a mass meeting of citizens took place, at which time resolutions were unanimously adopted, declaring independence from the Nanking Government and adopting the Jenghiskhan era and the Mongolian flag. The meeting was held under the slogans of rehabilitation of Mongolia and suppression of Communism.

A national assembly of Mongolia took place at Suiyüan on October 28th, when the 500 delegates of the Mongol and Chinese populations totalling 3,000,000 unanimously adopted resolutions organizing the Federated Autonomous Government of Mongolia. The Assembly elected Prince Yun as chief executive of the Federated Autonomous Government and Prince Teh as deputy chief executive. Laws governing the organization of the government were also approved. Thus the Federated Autonomous Government of Mongolia was established at Suiyüan on October 28th

under the anti- Comintern banner. The Assembly also renamed Suiyüan Khohokotu as capital of the Federated Autonomous Government of Mongolia.

The Peking-Hankow Railway Front

(From October 3rd to November 12th)

On October 8th, Japanese troops started a general attack on Chengting in concert with air and artillery forces. Failing to withstand the combined attacks of the Japanese from land and air, the Chinese retreated from Chengting toward the south. The Japanese entered the walled town of Chengting the same evening. With the capture of Chengting, the Japanese now launched a vigorous attack on Shihchiachuang, where the Chinese troops who had been defeated at Paotingfu had been rallying in order to offer desperate resistance to the Japanese troops. About 200,000 Chinese troops were deployed along a line 120 kilometres long having Shihchiachuang as its centre and running from the heights at Pingshan to Anping and Shenhsian. The Chinese, who were reinforced by two divisions of Central Government troops, took advantage of the Huto River in strengthening their positions. It was evident that the Chinese planned to wage a decisive battle with the Japanese forces on the Shihchiachuang line.

At dawn, October 10th, the Suzuki, Morimoto and Kobayashi detachments started attacks on the left wing of the Chinese positions at Pingshan. Covered by artillery fire, the detachments successfully crossed the river in face of the enemy and occupied Wangmutsun and Tienhsing on the Chinese left wing, thus establishing a very advantageous position from which to storm the left flank of the enemy positions at Shihchiachuang.

The Ishiguro and Sakanishi detachments also crossed the river near Chentsun about 12 kilometres north-west of Shihchiachuang under cover of artillery fire, and dashed into the enemy positions at Shihchiachuang, where fierce hand-to-hand fighting ensued. Giving close chase to the Chinese who fled in confusion toward the south and south-west, the detachments occupied Shihchiachuang the same afternoon.

It was ironical that the date on which the Japanese forces captured Shihchiachuang, where the Chinese troops had established the last line of defence in North China, was October 10th, the Chinese Double Tenth Festival, when Generalissimo Chiang Kai-shek made an appeal to the Chinese forces to hold that city.

The fall of Shihchiachuang served as a signal for the southern and westward drives of the Japanese forces along the Peking-Hankow Railway. The Koito detachment which pursued the enemy westward along the Chengtai Railway occupied Tsingsing on October 11th. The following day this unit advanced farther westward and eventually captured Niangtze Pass, one of the three famous barriers in China. The Morimoto and Ishiguro detachments which chased the enemy southward inflicted a crushing blow south of Chaochow and also near Yuanshih.

The Kanda and Inogi detachments which crossed the river in front of Shihchiachuang pushed farther south and took Luancheng at noon, October 11th, while the Okamoto detachment defeated the enemy near

Tashihchiao south of Chaochow on October 13th. The following day the detachment reached Tungyitsun, about 16 ⅛ kilometres south-west of Paisiang.

On October 12th, a Japanese aerial force visited Naikiu, Tangshan and Shunteh along the Peking-Hankow Railway, and Taiyüan, Yutze and Shouyan in Shansi province and effectively bombarded the Chinese military establishments and troop concentrations in those places.

The Ono and Katagiri detachments which had been sailing up the Tzeyao River to attack the right flank of the enemy at Shichiachuang, occupied Ningtsin on October 12th, while the Nagasawa and Sasaki detachments took Kiashichuang, 24 kilometres north of Ningtsin, and then chased the enemy between Chaochow and Ningtsin toward the south-west.

Carrying everything before them following the capture of Shihchiachuang, the Japanese troops crushed the Chinese forces at Meihuachen, Chaochow, Yuanshih, Lungping, Tangshan and Sikiatsun. On October 15th they reduced Shunteh, while the Toyama detachment which advanced south along the Peking-Hankow Railway occupied Hantan on the morning of October 17th.

At 8 p.m., October 17th, the Japanese troops left Hantan by train for the south to give fierce chase to the retreating enemy. After defeating the Chinese troops at Mataochen, about 20 kilometres south of Hantan, they dashed through Kwangluchen and Tzechow, the last station on the Peking-Hankow Railway in Hopei province. Having covered 40 kilometres through territory which was swarming with enemy troops in this manner, the Japanese armoured train crossed the border and ran into Honan province. At dawn, October 18, this train overtook and engaged an enemy train carrying retreating troops on the Chang River north of Fenglochen, inflicting heavy damage on them.

The Noda and Sukegawa detachments occupied Kwangping on the afternoon of October 17th. The Japanese detachment which sailed up the Tzeyao River covered a distance of 280 kilometres in 10 days over wretched roads. After defeating the Chinese troops at Wukiang, Ningtsin and Tangshan, they participated in the general attack on Shihchiachuang.

The Japanese troops which had been operating in Hopei province have already crossed the border and are now advancing in Honan province.

A Japanese force occupied the southern bank of the Chang River on October 19th, while another detachment which crossed the Chang River on its upper course, occupied Paochang, 2 kilometres west of Fenglochen on October 22nd. The Ishiguro detachment which crossed the lower reaches of the river took Fenglochen and continued a southern drive.

All Japanese troops which crossed the Chang River are now massed on its southern bank, awaiting an opportunity to launch a general attack on Changteh, a strategically important town in northern Honan province whose fall is generally regarded as imminent.

The Tientsin-Pukow Railway Front

(From October 3rd to November 12th)

The Japanese troops which had been operating along the Tientsin-

Pukow Railway started a brisk movement on October 3rd. The Numada and Nagano detachments occupied Kucheng, 16 kilometres south-west of Tehchow at 9 : 30 a.m., the same day, while the Kuwada detachment took Enchow, 28 kilometres south of Tehchow. The same evening, the Fukuei detachment attacked the enemy, which had taken up positions extending west and east from Pingyüan. At midnight, the detachment broke through the line connecting Pingyüan, Chengcheng and Fangchengchuan and advanced south of Pingyüan, which it occupied the following morning.

The detachment carried out an attack on the Chinese, about one brigade strong at Lengchichai, 3 kilometres north of Changchuang, outflanked the enemy under cover of darkness the same night, and occupied Lengchichai the following morning. Changchuang subsequently fell into the hands of this unit.

When the Japanese troops started operations in this section of Shantung, information was circulated that the Chinese 29th Army had retreated, being replaced by troops under General Han Fu-chu, Governor of Shantung province, which apparently planned to resist the Japanese advance. The right wing of the Japanese force in the Techow sector was not confronted by any large body of Chinese troops. But in the Yucheng sector, along the Tientsin-Pukow railway, the 74th and 81st divisions of the Shantung Army were feverishly making war preparations. The appearance of Shantung troops under General Han Fu-chu suggested an important development in the North China situation with a decisive battle on the Yellow River looming as a possibility.

Following the occupation of Tehchow, an important town on the Tientsin-Pukow Railway, the Japanese troops continued their southern drive and occupied various other important towns, including Kucheng, Enchow, Pingyüan and Tuchiao. By consolidating their positions, they were preparing attacks on the Chinese troops which had taken up positions along a line extending west and east from Tehchow. The Japanese Fukuei detachment occupied Changchuang on October 14th and the Akashiba detachment took Linghsien, 28 kilometres south-east of Tehchow at 9 a.m., October 22nd. This detachment reached the line between Fenghuangtien and Machiamou on October 23rd, thus paving the way for a decisive battle on the Yellow River.

Up to October 20th, the enemy left 12,270 dead on the Tientsin-Pukow front, while the Japanese captured 4 field-guns, 4 howitzers, 25 trench-mortars, 12 heavy machine-guns, 83 light machine-guns, 52 motor-lorries and motor-cars, 27 freight wagons and 5,500 cases of gasoline.

On October 23rd, a Japanese air force visited Taming and Lintsing, important towns lying between the Peking-Hankow and the Tientsin-Pukow Railways. At Taming, the Japanese raiders bombarded Chinese troop concentrations, while at Lintsing the air force bombarded military barracks and 50 armed junks on the canal.

The Japanese troops are now eliminating remnants of the Chinese troops from an area east of the Tientsin-Pukow Railway. On October 20th, the Suenaga detachment defeated part of General Han Fu-chu's troops near Fenghangtien and on October 30th crushed the enemy at Ningtsien about 40 kilometres east of Sangyüan, thus securing the line between these two places.

II

—FORCES OF THE IMPERIAL NAVY IN ACTION—

PUBLICITY BUREAU, NAVY DEPARTMENT

The Marines in Shanghai

October 6th Covered by units of the Naval Air Force, the Japanese marines fiercely attacked the enemy in the Chapei sector and advanced to the Shanghai-Woosung Railway.

October 7th No change was recorded on the front. The Chinese staged a counter-attack on the Sanyi lane sector, but were repulsed with heavy losses.

Chinese troops in the Pootung sector bombarded the Japanese positions at night, but were soon silenced by the Japanese artillery.

October 8th The enemy again launched a counter-attack on the Japanese positions early in the morning, but their attempt failed through prompt response on the part of the Japanese marines.

October 9th and 10th No change occurred on the front, although at nightfall on October 10th the enemy in the Pootung sector started bombardments on the Japanese warships on the Whangpoo River and also on the International Settlement. The Japanese warships promptly responded and silenced the enemy fire.

October 11th The Chinese in the Chapei sector were strengthening their positions, apparently with newly-arrived reinforcements.

October 12th and 13th Early in the morning of October 12th, the enemy made a fierce counter-attack on the North Szechuan Road sector, which was repulsed by the Japanese marine force. In cooperation with naval air units the marines inflicted heavy losses on the enemy at about 8 a.m., October 13th, aided by aerial and artillery bombardments.

At 11 p.m., October 13th, the Chinese made a vigorous counter-attack on the northern front, but were driven away.

Fresh reinforcements arrived at the Chinese positions, which had been subjected to severe Japanese artillery fire for the past several days, resulting in several hundred casualties every day.

October 14th All day long, both air and artillery bombardments were made on the enemy positions in the Chapei sector, inflicting heavy damage to them.

At about 5:30 p.m., the enemy concentrated field-gun and trench-mortar fire on the western front and later on the North Szechuan Road sector. At 7 p.m. approximately one battalion of Chinese troops made a counter-attack from Jukong Road, which was repulsed after two hours of fighting.

October 15th All was quiet on the front except for small counter-attacks made by the enemy on the northern front and in the Chapei sector. These were immediately repulsed.

October 16th Combined attacks with the Naval Air Force were made on the enemy positions in the Canton Middle School building in the Chapei sector and the Commercial Institute building south of Kiangwanchen. Air

bombardments were followed by machine-gun fire which was directed against the fleeing enemy.

October 17th Heavy artillery positions of the Chinese north-west of Chapei were destroyed by aerial and artillery bombardments.

October 18th The enemy positions south of the Commercial Press building and in the North Shanghai Middle School and the Canton Middle School and the neighbourhood were obliterated in cooperation with naval aeroplanes.

October 19th No change occurred on the front.

October 20th The Chinese made three air raids on Shanghai, but the Japanese suffered no damage.

October 21st At about 11 p.m. an enemy plane raided the Japanese positions, but was immediately driven away by anti-aircraft batteries. No damage was inflicted on the Japanese side.

October 22nd All remained quiet.

October 23rd The Chinese troops apparently started to retreat. The marines in cooperation with army units were closely watching the movements of the enemy in the Chapei sector.

October 24th The marines launched a general offensive and advanced on North Szechuan Road.

October 25th The marines maintained their advance and occupied the enemy positions in the Commercial Institute back of Futan University shortly after 8 p.m.

The extreme left wing of the marine force dashed ahead from Haskell Road on the evening of October 24th, while another marine unit advanced to Haskell Road from Jukong Road on October 25th.

October 26th In concert with the army occupation of Tachangchen, the marine force at about 8:30 p.m. launched a fierce attack on the enemy in the Chapei sector.

October 27th Before dawn, the Japanese marines started an advance along the whole front. The right wing dashed ahead in order to cut off the retreat of the enemy and about 7 a.m. reached the western extremity of Chapei. This detachment in concert with other units pressed back the enemy to Soochow Creek which forms the boundary of the International Settlement, from the north and north-east. By 6 p.m. the marine force occupied the whole of Chapei except the points into which several hundred Chinese troops were driven. One marine unit drove farther west and took Chenjuchen by 6 p.m., October 27th. The Chinese troops left about 900 dead, while the Japanese marines took about 300 Chinese prisoners and captured an enormous quantity of arms and ammunition. The losses of the marines were negligible. Although there were 27 casualties, including the commander of a marine company who was wounded, no Japanese was killed.

October 28th Remnants of the Chinese troops who lost their chance to escape from the Chapei district found their way into the Four Banks Savings Society's godowns, where they pretended to offer stiff resistance to the Japanese marine force. Out of humanitarian and chivalrous considerations, the marines advised the Chinese to surrender. The Japanese did not desire any needless bloodshed, nor were they blind to the complicated international situation, arising from the fact that the godowns in question were contigu-

ous to the sectors guarded by the British troops and also bordered the International Settlement on the north and the south-east.

October 29th The Japanese marine force was busy eradicating the remnants of the Chinese troops in the Chapei district and also keeping watch on the Chinese troops in the Four Banks Savings Society's godowns.

The commander of the Japanese landing party issued the following proclamation to the Chinese people:

"The Japanese landing party operating in Shanghai, intends to punish the Chinese troops, but has no intention of antagonizing the Chinese people, who are, therefore, advised to understand the true intentions of the Japanese marines and pursue their business as usual.

"The following actions shall be punished severely:

(a) Espionage in favour of the Chinese troops.

(b) Tampering with telegraphs, telephones or electric wires, railways, bridges, etc. or with military establishments.

(c) Arson, murder, burglary, theft and trespassing on the premises of others.

(d) Disturbance of peace or stirring up of sedition by spreading false rumours or by other means.

(e) Acts or movements injurious to the Japanese forces."

Shortly after noon, Chinese forces in the Pootung sector bombarded the Japanese positions as on the previous evening. There was also an enemy air raid in which the Japanese suffered no damage.

October 30th The Chinese troops in the godowns of the Four Banks Saving's Society still offered stubborn resistance.

October 31st Remnants of Chinese troops attempted to stampede into the International Settlement through an alley from the godowns of the Four Banks Savings Society at about 2 a. m. Accordingly the Japanese marines attacked those Chinese troops and stormed the godowns, which they occupied at 3:20 a.m.

November 1st and 2nd No changes occurred on the front.

The Situation in Shanghai

The situation prevailing in Shanghai at the end of October was as follows:

(1) In the Hongkew and Yangtzepoo districts, gunfire was heard only in the distance after October 27th. Enemy air raids were carried on at night, but no damage was caused to the Japanese side. General unrest disappeared and business became brisk. All people looked cheerful. Traffic control, light control and prohibition of the use of coal-gas was expected to be enforced for some time. Northern and Chapei sectors remained closed to the general public, as the former battle fields were being restored to order.

(2) It was feared for a time that remnants of the Chinese troops might force their way into the International Settlement south of Soochow Creek. Due, however, to the strict guarding of the border by foreign troops, not a single Chinese soldier entered the Settlement.

Chinese refugees sought safety in the International Settlement. Other-

wise everything was quiet in that sector where all shops conducted business as usual on October 28th. The foreign residents on Hungjao Road and on the extension of the Settlement all took refuge within the International Settlement itself.

(3) The French Concession was strictly guarded, especially on the southern border adjacent to the Chinese quarter. A large number of Chinese refugees thronged around this Concession, but everything remained quiet within.

Japanese Domination of Shanghai

The Japanese military and naval forces which reduced the Kiangwanchen and Tachangchen sectors on the Shanghai front followed up their victory by giving close chase to the enemy retreating in a south-western direction.

The Japanese detachments which were making a southern drive crossed Soochow Creek at various points on October 31st in face of the enemy. They pressed back the Chinese steadily.

Capture by the Japanese of the Patzechiao (Eight Letter Bridge) on November 4th greatly alarmed the enemy, who started desperate resistance with the arrival of fresh reinforcements.

At this psychological moment, fresh Japanese reinforcements suddenly landed on the northern shore of Hangchow Bay at dawn November 5th, in face of the enemy and immediately started a northern drive. These fresh Japanese troops soon occupied Sungkiang on the Shanghai-Hangchow-Ningpo Railway about 30 kilometres south-west of Shanghai.

In concert with the fresh reinforcements which steadily pushed north-west, the Japanese troops which were driving southward from the northern front of Shanghai kept up their onslaught on November 8th. At 10:20 o'clock, the following morning, the Wakizaka detachment took the airfield at Hungjao, in the neighbourhood of which Lieutenant Oyama and Seaman Saito of the Japanese marine force were murdered by Chinese troops on July 11th.

The Kawanami detachment which had been pushing south along the Chungshan Road successfully stormed Lunghuachen, a southern suburb of Shanghai at 1 p.m., November 9th, completing the Japanese encircling movement around Shanghai.

Early in the morning of November 8th, when the weather had improved, the Japanese Army and Naval Air Forces swung into full action, by visiting Tsingpu, Kunshan and Soochow and attacking the retreating Chinese troops. The signal success of the Japanese in the Shanghai area must be attributed to the close cooperation and coordination of the land, sea and air arms of the Japanese forces.

The Naval Air Force Secures Command of the Air

The Japanese Naval Air Force has been active not only in Central and South China, but also in North China. Carrying out raids on various strategically important points, it has bombarded effectively Chinese aerodromes,

military arsenals, other military establishments and means of military transportation.

In the Shanghai area, the Naval Air Force operating in concert with the Japanese troops and marines dropped bombs on enemy positions and troop concentrations day after day, inflicting heavy damage. From October 11th to October 20th, the Japanese Naval Air Force lost 7 planes, and destroyed 41 Chinese machines, of which 10 were brought down in aerial combats while 31 were destroyed on the ground.

Comparative figures of Sino-Japanese losses in aeroplanes from August 13th to October 20th follow:

Chinese Losses in Aeroplanes

	Confirmed	Unconfirmed	Total
Shot down in air duels	184	7	191
Destroyed on the ground	167	7	174
Total	351	14	365

Japanese Losses in Naval Planes

46

Outline of Activities of the Naval Air Force

October 5th (1) The Naval Air Force attacked enemy positions in the Chapei district throughout the day. These included the Commercial Press building and the Railway Administration Office building.

(2) The air force also attacked enemy positions at Luchiahang in co-operation with Japanese troops.

(3) The air force visited Nanking and engaged four Chinese battleplanes, which, however, managed to escape.

Several naval planes visited Wuhu in Anhui province and attacked the aerodrome there. In the ensuing air duel, they brought down one enemy plane.

(4) Several Chinese planes raided the Whangpoo River at night, but were repulsed by the anti-aircraft batteries of the Japanese warships.

October 6th (1) Central China: The Japanese Naval Air Force visited Nanking, Anking, Wuhu, Soochow, Wusih, Yenchow, and Kwangteh and effectively bombarded aerodromes, munition depots and military establishments there. In a raid on Nanking, the air force shot down 9 Chinese planes as well as two others which were apparently brought down.

(2) South China: The Japanese Naval Air Force visited Shiuchow, Lienkonghow, Pakonghow, Kaotangsu, Sitsun and Whampoa and effectively bombarded aeroplane factories, railway bridges, gunpowder magazines, docks and other military establishments there.

(3) North China: The Japanese Naval Air Force visited the Tientsin-Pukow and the Lunghai Railways. Between Hsuchow and Taian on the Tientsin-Pukow Railway, the air force bombarded about 10 locomotives and scores of freight wagons as well as several strategically important points along the railway line. Bombs were dropped on a troop train near Tsaochuang on the Lunghai Railway.

(4) Shanghai Area: A large number of Japanese naval planes attacked enemy artillery positions and troop concentrations in the Chapei, Kiangwanchen and Peisinking sectors.

In a raid on Nanking, the Japanese Naval Air Force lost one plane which was hit by an enemy shell.

October 7th The Japanese Naval Air Force cooperated with the troops and marines by attacking enemy positions in the Shanghai area.

(1) Additionally, the air force visited Pakonghow, Shiuchow, Yunganhsien and Whampoa in Central and South China and attacked Chinese military arsenals, aeroplane factories and warships. It shot down 4 out of 5 Chinese planes in an air duel over Shiuchow.

(2) The air force visited the Tientsin-Pukow Railway in North China and effectively bombarded over a dozen locomotives at points south of Hsuchow and also an engine-shed and the railway track at Taian.

October 8th (1) Shanghai: Attacks were made on enemy positions in the Kiangwan, Chapei and Pootung sectors.

(2) Central and South China: Raids were carried out on Kiangyin, Pokwan, Yingtak and Bocca Tigris and bombardments were effected on military establishments, railway bridges and warships there.

(3) North China: Raids were conducted on Taian, Hsuchow, Tsining and Tsaoya and bombardments made on a dozen engines, an engine-shed, several freight wagons and strategically important points along the railway track.

October 9th Attacks took place on Shiuchow, Yingtak, Bocca Tigris in South China and on Taian and Yenchow in North China where effective bombardments on hangars, anti-aircraft batteries, aeroplane factories, railway tracks, 3 engines, 20 freight wagons, military barracks and other military establishments were made.

October 10th Raids were carried out on Tsungfa, Tienho, Kwangchow, Suhsien, Hsuchow, Taichuang, and Haichow whose aerodromes, military schools and troop trains were effectively bombarded.

October 11th The Naval Air Force in cooperation with Japanese troops and marines bombed the enemy positions in the Shanghai area. Additionally it visited Pakonghow on the Canton-Hankow Railway, Yushan and Chinhua on the Hangchow-Nanchang Railway, Soochow, Kiating, Tatsang, Pootung, Nanchang and Canton and bombed enemy positions, troop concentrations, airfields, military barracks, military depots and other military establishments.

October 12th to October 14th (1) Shanghai: Attacks on Chapei, Pootung, Kiangwanchen, Tatsangchen, Kiating, Nansiang, Wusih, Soochow, Wukiang, Kunshan, Sungkiang and Kashing were carried out, in which enemy positions, troop concentrations, military establishments and lines of communication were bombed.

(2) North China: Raids were made on the Tientsin-Pukow Railway with telling attacks on troop trains and scores of engines and freight wagons.

(3) Central China: Raids were conducted on Nanking and Hofei with effective bombing of the aerodromes and gunpower magazines there.

The Japanese Naval Air Force brought down 8 Chinese planes in an aerial

combat over Nanking and destroyed 2 Chinese planes on the ground at Hofei in Anhui province.

(4) South China: Shiuchow and other points on the Canton-Hankow Railway were visited. Bombs were dropped on the hangar and arsenal as well as several points along the railway track.

October 15th In concert with the army and the marines, the Japanese Naval Air Force made effective attacks on the enemy positions and troop concentrations in the Pootung, Chapei, Tachang, Kiangwanchen and Nansiang sectors in the Shanghai area. Furthermore, it visited Hangchow and several points on the Canton-Hankow Railway, bombing the military establishments and railway tracks there.

October 16th The Chapei, Kunshan and Pootung sectors in the Shanghai area were again raided, and bombs were dropped on enemy positions, and on artillery positions in particular.

In addition, the air force visited Kiating and Nanking and attacked the airfields and munition factories there.

October 17th (1) Shanghai: Raids were carried out on Chapei, Pootung, Soochow, Kashing and Kunshan and attacks made on the military establishments, machine-gun emplacements, military depots, engines and caravans of military motor-cars and motor-lorries there.

(2) North China: Taian, Tsining, Yenchow and Lincheng were raided. Troop trains, engines, and freight wagons were bombed.

October 18th (1) Shanghai: Visits were made to Chenju, Soochow, Kunshan, Pootung, and Hangchow and attacks launched on enemy positions, troop trains, engines, freight wagons and railway tracks there.

(2) Nanking: Military establishments were bombed.

(3) Hankow: The airfield at Hankow was raided, in which encounter 9 Chinese planes of large size were destroyed and a large number of small-sized ones were badly damaged. Two Chinese planes were shot down in the ensuing aerial combat.

(4) North China: Raids were conducted on Taian, Yenchow, Tsining, Hanchuang and Hsuchow along the Tientsin-Pukow Railway and also on Hsinanchen, Chaotun and Haichow along the Lunghai Railway and effective bombardments were made on troop trains, engines, freight wagons and railway tracks.

October 19th (1) Shanghai: The air force attacked enemy positions, especially artillery positions along the whole front in concert with the army. Additionally it visited Sungkiang, Kashan, Nansiang, Sipaochen, Hungjao and Chiwangmiao and dropped bombs on troop concentrations and military depots.

(2) Nanking: Two raids were made on Nanking. The airfield at Tachiao, a suburb, was bombed, destroying several aeroplanes and a hangar.

(3) Wusih: A raid on Wusih and bombardments on the military depots and munitions factories there were carried out.

October 20th In addition to attacks on important enemy positions in the Tachang, Miaohangchen, Kiangwanchen, Pootung and Chapei sectors of the Shanghai area, made in concert with army and marine forces, the Naval Air Force visited Nanking and Nanchang and attacked the airfields, military

barracks and other military establishments there. In an air combat over Nanchang, the Japanese raiders shot down one out of three Chinese planes.

October 21st (1) Shanghai: Chapei, Kiangwanchen, Tachangchen and Pootung in the Shanghai area were raided, as well as Soochow, Changchow and Sungkiang on the Shanghai-Nanking and the Shanghai-Hangchow-Ningpo Railways. Troop concentrations and lines of communication were bombed.

(2) Kunshan: A raid on Kunshan and attacks on the Chinese military headquarters, anti-aircraft batteries and munition factories were the activities of the day.

(3) Nanking: A raid on Nanking and bombing of the Tachiao airfield, gunpowder magazines and military arsenal took place.

(4) The Lunghai Railway: The Lunghai Railway and the Chinese lines of communication south of Yenchow and also near Hsinanchen were bombed.

October 22nd (1) North China: Raids were carried out on the Tientsin-Pukow and the Lunghai Railways, while the Chinese lines of communication between Taian and Hsuchow on the Tientsin-Pukow Railway and also between Tangshan and Hsuchow on the Lunghai Railway were bombed.

(2) Central China: The Naval Air Force attacked enemy positions in the Chapei, Kiangwanchen and Pootung sectors in the Shanghai area in cooperation with the army. The air force also attacked the Chinese lines of communication and military establishments from the rear, including Soochow, Kashing, Wusih, Changchow and Kiating. The air force likewise visited Nanking and Anking and bombed airfields, military barracks and depots. At Anking, the Japanese destroyed one large Chinese plane on the ground.

(3) South China: Shiuchow and Yingtak on the Canton-Hankow Railway were visited; military establishments there were bombed.

October 23rd and 24th (1) Shanghai: Sustained attacks on enemy positions in Chapei, Kiangwanchen, Pootung, Tachangchen and Kiating were effected in cooperation with army and marine forces. The Japanese were watching carefully the movements of the enemy, which apparently planned a retreat before the fierce onslaught of the Japanese forces. On October 24th, the Chinese began a full retreat, upon which the Naval Air Force in concert with the army swung into action in pursuing and attacking the retreating troops.

(2) Hankow and Nanchang: A third mass raid was made on Hankow at 5 a.m., October 24th. The Japanese planes were greeted by a squadron of Chinese battle planes, and succeeded in bringing down three of them. The Japanese fliers returned safely to their base, after successfully bombing the aerodrome at Hankow and destroying several planes on the ground there. A raid was made on Nanchang at 6 p.m., October 23rd, where the military depots were successfully bombed. The Japanese repulsed the two Chinese planes which engaged them.

(3) Nanking and Anking: Nanking and Anking were visited on October 23rd and 24th and effective bombardments were made on the airfields there. In a raid on Nanking, October 24th, the Naval Air Force

brought down one enemy plane in an air duel.

(4) North China: Raids were made on the Tientsin-Pukow and the Lunghai Railways, in which troop trains, engines and freight wagons there were bombed.

(5) South China: Attacks were carried out on the Canton-Hankow Railway. Enemy lines of communication between Pakonghow, Yingtak and Lienkonghow were effectively bombed.

October 25th (1) Shanghai: Chinese positions in the Tachangchen, Kiangwanchen, Nansiang, Sungkiang and Chenju sectors were attacked.

(2) The Canton-Hankow Railway: Enemy lines of communication along the Sunning and the Canton-Hankow Railways were bombed.

(3) North China: Raids were made on the Tientsin-Pukow and the Lunghai Railways and bombs dropped on Chinese lines of communication.

October 26th Sustained attacks were maintained on enemy positions at Chenju, Nansiang, Soochow and Kiating in the Shanghai area in concert with the army. Other points, also, were bombed.

(1) Nanking: Two raids on the airfields at Nanking at 3:50 and 4:10 p.m. were made.

(2) Hangchow and Kwangteh: Hangchow, Kuyung and Kwangteh were visited at about 5 p.m..

October 27th Sustained attacks were made on the retreating Chinese along the entire Shanghai front in cooperation with the steady drive of the army. Bombardments on military establishments and lines of communication behind the enemy positions proved effective.

October 28th (1) Shanghai: Prolonged attacks were recorded on enemy positions near Shanghai as well as in the Pootung district, in concert with army and marine forces. The Chinese military establishments at Soochow, Kashing, Sungkiang, Kunshan, Changchow and Wusih were bombed.

(2) North China: Sectors of the Lunghai and the Tientsin-Pukow Railways were visited. Lines of communication between Tsining and Hsuchow on the Tientsin-Pukow line and also east of Hsuchow on the Lunghai Railway were bombed.

October 29th Sustained attacks were made on Chinese positions in the Shanghai area. Bombs were dropped on military establishments in the rear included Kashing, Soochow, Sungkiang, Nansiang, Tatsang and Kunshan.

October 30th In addition to attacks on enemy positions in the Shanghai area and also on troop concentrations and lines of communication in the rear, the Naval Air Force visited Soochow and Kunshan and dropped bombs on military establishments and railway stations there.

October 31st Shanghai: Chinese positions south of Soochow Creek and enemy artillery positions in the Pootung district of the Shanghai area were bombed.

November 1st (1) Shanghai: Continued attacks prevailed on enemy positions south of Soochow Creek in concert with Japanese army forces which were crossing the creek and also on the enemy artillery positions in the Pootung district.

(2) North China: Raids were made on the Lunghai and the Tientsin-Pukow Railways. The airfield at Kweiteh on the Lunghai Railway and

troop trains between Taian and Yenchow on the Tientsin-Pukow Railway were bombed.

(3) South China: A raid on Canton caused bombardments on the Bocca Tigris Fort and other military establishments there.

November 2nd Attacks on enemy positions in the Shanghai area in concert with the drive of the army and bombardments on the anti-aircraft batteries near Nansiang and scores of Chinese military junks between Sungkiang and Soochow continued during the day.

The Naval Air Force was also active in attacking enemy positions in the Pootung, Changhokow, Wangyutao, Chengchiapin and Kaochangchen sectors of the Shanghai area.

LAWS AND ORDINANCES RECENTLY PROMULGATED

PRIME MINISTER'S CABINET

Law Amending the *Sake* Manufacturers' Association Law

(Law No. 54 Promulgated on August 10th, and Enforced since October 1, 1937)

The original law has been amended with a view to promoting the even growth of the *Sake* Manufacturers' Association and the prosperity of its members. The revision prescribes a planned control of the business of the members of the Association, and provides that, where the Association intends to impose, in accordance with the terms of the articles of association, any control measures upon the business of its members, it may do so with the approval of governmental authorities. The Government is empowered, when deemed necessary, to order any member to obey the control regulations adopted by the Association.

Law Amending the Customs Tariff Law

(Law No. 55, Promulgated on August 11, 1937)

The outstanding features of the revision are that, with regard to existing economic and industrial conditions and as an aid to rendering the supply of liquid fuel more plentiful, artificial petroleum has been added to the mineral oil group and is made duty-free, whereas in respect to the other items in the same group the rates of duty have even been raised. Thus, on automobiles and their parts, customs duties have been raised as an encouragement to domestic production of them. In line with these measures, the provision which prescribed remission of duty on imports of mineral oil for use as fuel was annulled, while, on the other hand, imports of timbers for use in the manufacture of pulp are made exempt from duties.

Law Amending the Law of 1932 Concerning Specific Rates of Import Duties

(Law No. 56, Promulgated on August 11, 1937)

Of those items of importation which are subject to an additional charge of 35 per cent of the import duties prescribed in the original law, sugar and 14 other articles having important bearing on the economic life of

the nation and on domestic industries are, in the interest of adjusting commodity prices, exempted from this 35 per cent additional duty by the present Amendment. The present Law came into force on October 1st.

Law Concerning Exemption of Duty on Imports of Iron

(Law No. 57, Promulgated on August 11, 1937)

Imperial Ordinance No. 130 of April 15, 1937 (see July issue), decreed the remission of import duty on iron and steel until March 31, 1938. In view, however, of the existing conditions in the production and importation of, and demand for, iron and steel, the present Law provides for an extension of this period to June 30, 1939, nullifying at the same time the said Imperial Ordinance. This Law operates also in Chosen, Taiwan, Karafuto, and the South Sea Islands.

Law Amending Law No. 53 of 1920

(Law No. 67, Promulgated on August 13, 1937)

The original law of 1920 related to the special rulings prevailing in Chosen in respect of the Customs and Tariff laws. The present Amendment aims to put in force in Chosen, as in Japan proper, the use of an admixture of alcohol and gasoline and to make duty-free imports of raw materials for this substance. Additionally, with a view to hastening the development of trade and communication between Japan and Manchoukuo via Chosen, and to facilitating such trading in the Korean borderland, the Law provides for a remission of customs duties in stated instances. Special provisions are also made concerning handling of soy beans and other Manchurian staple products in bonded areas in the ports of Yuki, Rashin and Seishin. Concerning the operation of the Iron Industry Law, changes have been made in the qualification of manufactures in Chosen to be accorded the privilege of exemption from import duty.

Iron Industry Law

(Law No. 68, Promulgated on August 13th
and Enforced since September 29, 1937)

The actual state in supply and demand of iron and steel renders it imperative, for the development of the industries and for national defence, to foster healthy growth by placing the iron and steel industry under systematic control. The present Law supersedes the Iron Industry Encouragement Law. While making important amendments in the provisions for the development of the industry, it sets down new rules for the supervision of related enterprises. The Law came into force on the 29th September.

Law Amending the Law Concerning Protection of Military Secrets

(Law No. 72, Promulgated on August 14, 1937)

The present Law amends extensively the original law on items relating to strategy and manœuvres; mobilization and movements of forces, and other matters requiring strict secrecy. It also prescribes heavier penalties for any violation of this Law, as is fitting in the present emergency. The effective date of this Law will be fixed by Imperial Ordinance.

Foreign Trade Association Law

(Law No. 74, Promulgated on August 14, 1937)

With a view to increasing the country's foreign trade, this new Law aims at strengthening the control on exports to be exercised by the Exporters' Association, according to world trade conditions. At the same time, it provides for the creation of an Importers' Association, which shall take, when deemed necessary, such measures as control of imports. The Law further prescribes the creation of a Central Organ for Trade Associations which shall devote itself to the propagation and development of the Associations and to the promotion of cooperation among member associations. This Law supersedes the Export Association Law, and came into force on September 10th.

Law Concerning Department Stores

(Law No. 76, Promulgated on August 14th
and Enforced since October 1, 1937)

This Law was enacted primarily with the object of ameliorating the conditions of small and medium-sized tradespeople, as against large department stores. It prescribes proper control for the establishment, extension and management of department stores, and provides for the creation of a department store association.

Organization of the Committee for Improvement of Legislation

(Imperial Ordinance No. 616, Promulgated on October 27, 1937)

With the object of amending any defective points in the legislation pertaining to juridical matters in order to render it more in accord with actual social conditions, the creation of the above-named Committee has been decided upon. This Committee is under the supervision of the Minister of Justice and is composed of a chairman and not more than 45 members, although, where necessary for the investigation of special matters,

additional members may be appointed temporarily. The Chairman and members, both standing and temporary, are appointed by the Cabinet on recommendations of the Justice Minister from among officials of the governmental departments and men of learning and experience. Additionally, secretaries and clerks will be attached to the Committee.

Convention Regarding Commercial Relations Between Japan and Burma

(Treaty No. 12, Promulgated on October 16, 1937)

A treaty was concluded between Great Britain and Japan with the object of facilitating trade and commerce between this country and Burma; this Convention came into force on October 12th and will be effective until the last day of March, 1940. As an auxiliary to this instrument, a protocol was signed regarding the importation into Burma of Japanese cotton piecegoods. This protocol came into force simultaneously with the principal Convention, and its term of operation is the same.

Organization of the Temporary Electric Power Investigation Commission

(Imperial Ordinance No. 591, Promulgated on October 14, 1937)

This Commission has been created for the purpose of conducting investigations and deliberations, under the supervision of the Minister of Communications, on the more important matters concerning control of electric power. The Minister of Communications is ex officio chairman of the Commission whose members are appointed by the Cabinet upon the recommendations of the Communications Minister. Secretaries and clerks are also attached to the Commission.

Appointment of Temporary Advisory Councillors to the Cabinet

(Imperial Ordinance No. 593, Promulgated on October 15, 1937)

A certain number of Advisers to the Cabinet are appointed for the purpose of giving counsel on the more important affairs of State pertaining to the China Affair. These advisers are appointed on Imperial sanction and in view of the nature of their functions they are accorded the status of Ministers of State.

Organization of the Committee for Shipping Control

(Imperial Ordinance No. 570, Promulgated on October 1, 1937)

When the Government intends to issue, pursuant to the Temporary Law concerning Shipping Control orders relative to freight rates, charter rates,

the building of ships or their sales prices, to shipping agents, ship owners, or ship builders, the Government now shall first consult the Committee for Shipping Control. This Committee is under the supervision of the Minister of Communications who acts as ex officio chairman, and is composed of 35 members, who are appointed from among officials in the governmental departments concerned and men of learning and experience. Secretaries and clerks are also attached to the Committee.

Published by Ippei Fukúda, The Foreign Affairs Association of Japan, 556–7 Osaka Building, Hibiya Park, Tokyo. Printed by K. Kosakai, the Kenkyusha, 2 Kaguracho 1-chome, Ushigomé, Tokyo.

昭和十二年十一月三十日 印刷　　昭和十二年十一月三十日 發行
發行所 東京市麴町區内幸町一ノ三 日本外事協會・編輯兼發行人 東京市麴町區内幸町一ノ三 福田市平
印刷者 東京市牛込區神樂町一ノ二 小酒井吉藏・印刷所 東京市牛込區神樂町一ノ二 研究社印刷所

" Japanese Standard Size B5."

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A Publication of
THE FOREIGN AFFAIRS ASSOCIATION OF JAPA
Osaka Building, Uchisaiwaicho, Tokyo.
Telephone: Ginza (57) 5461

¥1.50	¥5.00
75 c. per copy	$3.00 one year
3 s.	12 s.

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